

ORIGINAL

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MEMORANDUM

Arizona Corporation Commission

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TO: THE COMMISSION

AUG 12 2008

2008 AUG 12 P 2:35

FROM: Utilities Division

DATE: August 12, 2008

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AZ CORP COMMISSION
DOCKET CONTROL

RE: IN THE MATTER OF THE APPLICATION OF SBC LONG DISTANCE, LLC FOR APPROVAL TO DISCONTINUE THE PROVISION OF LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES AND PRIVATE LINE SERVICES FOR BUSINESS CUSTOMERS IN ARIZONA (DOCKET NO. T-03346A-08-0038)

On January 18, 2008, SBC Long Distance, LLC d/b/a AT&T Long Distance and SBC Long Distance ("SBC LD" or "Applicant") filed an application to discontinue the provision of local exchange telecommunications services and private line services for business customers within the State of Arizona.

On November 23, 1998, the Arizona Corporation Commission ("Commission"), in Decision No. 61227, granted SBC LD a Certificate of Convenience and Necessity ("CC&N") to provide resold long distance telecommunications services in the State of Arizona. The Commission granted SBC LD, in Decision No. 66891, a CC&N to provide facilities-based and resold local exchange telecommunications in the State of Arizona on April 6, 2004. SBC LD is also certified to provide facilities-based long distance services, having received a CC&N from the Commission on May 5, 2005, in Decision No. 67809.

In its application, SBC states that the 67 customers affected by the proposed discontinuance were originally customers of SBC Telecom, Inc. The Commission granted SBC Telecom, Inc. a CC&N to provide facilities-based and resold local exchange and long distance telecommunications services in Decision No. 62645 on June 13, 2000. In Decision No. 67827, SBC Telecom, Inc. and SBC Long Distance re-organized on May 5, 2005 with SBC LD being the surviving entity.

In its Responses to Staff's First Set of Data Requests, SBC LD stated that as of January 31, 2008, it served 61 business customers. The Company confirmed that as of August 8, 2008, it served only 5 business customers. SBC LD stated in its application that it provides local exchange services to its remaining business customers in Arizona through the resale and by using UNE loops acquired from Qwest, as well as facilities owned by SBC LD. The Company states that because it serves so few customers, that it is no longer economically feasible for the Company to incur the related costs for so few customers. Also, in response to Staff's First Set of Data Requests, SBC LD confirmed that the Company currently does have service contracts with customers. However, these contracts allow SBC LD to cancel the contract providing a minimum notice of 90-days. SBC LD's application states that all of its business customers were notified of SBC LD's intentions to discontinue service by letter dated December 4, 2007. A copy of the letter was attached in SBC LD's application to discontinue service. Because the letter was sent

THE COMMISSION

August 12, 2008

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on December 4, 2007, SBC LD satisfied the ninety (90) day notice requirement of the contracts, on March 3, 2008. On February 11, 2008, SBC LD filed a copy of the Affidavit of Publication of its application to discontinue service pursuant to Arizona Administrative Code R14-2-1107.

In its application, SBC LD stated that it is not holding any deposits from any of its business customers. Therefore, there is no risk that any deposits would be lost by the discontinuance of service by SBC. SBC LD does have valid performance bond, in the amount of \$235,000, on file with the Commission. The original performance bond amount was \$125,000. On May 5, 2005, the Commission ordered that the performance bond be increased to \$235,000 in Decision No. 67809.

SBC LD stated in its responses to Staff's First Set of Data Requests that the Company has one technical position as well as one managerial position supporting the remaining SBC LD network in Arizona. According to SBC LD, almost all of SBC LD's employees have been integrated into the AT&T workforce and there will be no layoffs as a result of the discontinuance of local exchange service in Arizona. On June 17, 2008, SBC LD amended its application to include proposed tariff revisions which would remove business local exchange and private line services from its Local Exchange Services Tariff.

Consumer Services Staff has indicated that since January 1, 2005, there have been no open complaints, inquiries, or opinions filed for SBC LD. The Corporations Division reports that as of February 12, 2008, SBC LD is in good standing. According to the Compliance and Enforcement Section Division of the Commission, currently there are no delinquencies for SBC LD.

SBC LD states that the Company plans to continue to use its local exchange authority to provide tariffed packet data services; specifically, intrastate ATM and Frame Relay Services, and will also continue to offer intrastate and interstate long distance services in Arizona. The business local exchange customers affected by this application will be able to obtain service from other carriers that offer the same or similar services that they obtain from SBC LD.

Recommendations

Staff recommends the approval of SBC LD's application, as amended, to discontinue local exchange and private line services for business customers in Arizona.



Ernest G. Johnson
Director
Utilities Division

EGJ:CLA:lhmm\MAS

ORIGINATOR: Candrea Allen

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 MIKE GLEASON

Chairman

3 WILLIAM A. MUNDELL

Commissioner

4 JEFF HATCH-MILLER

Commissioner

5 KRISTIN K. MAYES

Commissioner

6 GARY PIERCE

Commissioner

7
8 IN THE MATTER OF THE APPLICATION)
9 OF SBC LONG DISTANCE, LLC FOR)
10 APPROVAL TO DISCONTINUE THE)
11 PROVISION OF LOCAL EXCHANGE)
12 TELECOMMUNICATIONS SERVICES)
13 AND PRIVATE LINE SERVICES FOR)
14 BUSINESS CUSTOMERS IN ARIZONA)
15

DOCKET NO. T-03346A-08-0038

DECISION NO. _____

ORDER

14 Open Meeting
15 August 26 and 27, 2008
16 Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 1. SBC Long Distance, LLC d/b/a AT&T Long Distance and SBC Long Distance
19 ("SBC LD") is certificated to provide telecommunications service as a public service corporation
20 in the State of Arizona.

21 2. On January 18, 2008, SBC LD filed an application to discontinue the provision of
22 local exchange telecommunications services and private line services for business customers
23 within the State of Arizona.

24 3. On November 23, 1998, the Arizona Corporation Commission ("Commission"), in
25 Decision No. 61227, granted SBC LD a Certificate of Convenience and Necessity ("CC&N") to
26 provide resold long distance telecommunications services in the State of Arizona. The
27 Commission granted SBC LD, in Decision No. 66891, a CC&N to provide facilities-based and
28 resold local exchange telecommunications in the State of Arizona on April 6, 2004. SBC LD is

1 also certified to provide facilities-based long distance services, having received a CC&N from the
2 Commission on May 5, 2005, in Decision No. 67809.

3 4. In its application, SBC states that the 67 customers affected by the proposed
4 discontinuance were originally customers of SBC Telecom, Inc. The Commission granted SBC
5 Telecom, Inc. a CC&N to provide facilities-based and resold local exchange and long distance
6 telecommunications services in Decision No. 62645 on June 13, 2000. In Decision No. 67827,
7 SBC Telecom, Inc. and SBC Long Distance re-organized on May 5, 2005 with SBC LD being the
8 surviving entity.

9 5. In its Responses to Staff's First Set of Data Requests, SBC LD stated that as of
10 January 31, 2008, it served 61 business customers. The Company confirmed that as of August 8,
11 2008, it served only 5 business customers. SBC LD stated in its application that it provides local
12 exchange services to its remaining business customers in Arizona through the resale and by using
13 UNE loops acquired from Qwest, as well as facilities owned by SBC LD. The Company states
14 that because it serves so customers, that it is no longer economically feasible for the Company to
15 incur the related costs for so few customers.

16 6. Also, in response to Staff's First Set of Data Requests, SBC LD confirmed that the
17 Company currently does have service contracts with customers. However, these contracts allow
18 SBC LD to cancel the contract providing a minimum notice of 90-days.

19 7. SBC LD's application states that all of its business customers were notified of SBC
20 LD's intentions to discontinue service by letter dated December 4, 2007. A copy of the letter was
21 attached in SBC LD's application to discontinue service. Because the letter was sent on December
22 4, 2007, SBC LD satisfied the ninety (90) day notice requirement of the contracts, on March 3,
23 2008. On February 11, 2008, SBC LD filed a copy of the Affidavit of Publication of its
24 application to discontinue service pursuant to Arizona Administrative Code R14-2-1107.

25 8. In its application, SBC LD stated that it is not holding any deposits from any of its
26 business customers. Therefore, there is no risk that any deposits would be lost by the
27 discontinuance of service by SBC. SBC LD does have valid performance bond, in the amount of
28 \$235,000, on file with the Commission. The original performance bond amount was \$125,000.

1 On May 5, 2005, the Commission Ordered that the performance bond be increased to \$235,000 in
2 Decision No. 67809.

3 9. SBC LD stated in its responses to Staff's First Set of Data Requests that the
4 Company has one technical position as well as one managerial position supporting the remaining
5 SBC LD network in Arizona. According to SBC LD, almost all of SBC LD's employees have
6 been integrated into the AT&T workforce and there will be no layoffs as a result of the
7 discontinuance of local exchange service in Arizona. On June 17, 2008, SBC LD filed tariff
8 revisions removing the local exchange and private line services from its Local Exchange Services
9 Tariff.

10 10. SBC LD states that the Company plans to continue to use its local exchange
11 authority to provide tariffed packet data services, specifically intrastate ATM and Frame Relay
12 Services, and will also continue to offer intrastate and interstate long distance services in Arizona.
13 The business local exchange customers affected by this application will be able to obtain service
14 from other carriers that offer the same or similar services that they obtain from SBC LD.

15 11. On June 17, 2008, SBC LD amended its application to include proposed tariff
16 revisions which would remove business local exchange and private line services from its Local
17 Exchange Services Tariff.

18 12. Consumer Services Staff has indicated that since January 1, 2005, there have been
19 no open complaints, inquiries, or opinions filed for SBC LD. The Corporations Division reports
20 that as of February 12, 2008, SBC LD is in good standing. According to the Compliance and
21 Enforcement Section Division of the Commission, currently there are no delinquencies for SBC
22 LD.

23 13. Staff has recommended approval of SBC LD's application, as amended, to
24 discontinue local exchange and private line services for business customers in Arizona.

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CONCLUSIONS OF LAW

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2 1. SBC LD is an Arizona public service corporation within the meaning of Article
3 XV, Section 2, of the Arizona Constitution.

4 2. The Commission has jurisdiction over SBC LD and over the subject matter of the
5 Application.

6 3. The Commission, having reviewed the application, as amended, and Staff's
7 Memorandum dated August 12, 2008 concludes that it is in the public interest to approve this
8 application.

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ORDER

IT IS THEREFORE ORDERED that the application, as amended, be and hereby is approved.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2008.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

EGJ:CLA:lhmm\MAS

1 SERVICE LIST FOR: SBC Long Distance, LLC
2 DOCKET NO. T-03346A-08-0038

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4 Gallagher & Kennedy, P.A.
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6 Phoenix, Arizona 85016-9225

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8 Director, Utilities Division
9 Arizona Corporation Commission
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12 Ms. Janice M. Alward
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